



COUNTY OF LOS ANGELES  
TREASURER AND TAX COLLECTOR



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**MARK J. SALADINO**  
TREASURER AND TAX COLLECTOR

May 8, 2003

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**ISSUANCE AND SALE OF COVINA-VALLEY UNIFIED SCHOOL DISTRICT  
(COUNTY OF LOS ANGELES, CALIFORNIA)  
GENERAL OBLIGATION BONDS, 2001 ELECTION, SERIES B  
(FIFTH DISTRICT) (3-VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Adopt the Resolution authorizing the issuance and sale of general obligation bonds of the Covina-Valley Unified School District in an aggregate principal amount not to exceed \$30,000,000.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Governing Board of the Covina-Valley Unified School District adopted a resolution on May 5, 2003 and determined that the District needs to borrow funds in an aggregate principal amount not to exceed \$30,000,000 to be used for authorized purposes.

On June 5, 2001, an election was held whereby qualified voters of the District approved the proposition authorizing the District to issue \$50 million in general obligation bonds in order to finance the acquisition, construction and improvement of certain capital facilities for the District. This is the second and final issuance of bonds authorized under this measure. Bonds sold in the first series amounted to \$20 million.

Pursuant to Section 15140 of the Education Code, the Board of Supervisors is responsible for offering the District's bonds for sale. Such bonds shall be issued in the name and on behalf of such school district by the Board of Supervisors of the County of Los Angeles following receipt of the district resolution requesting such borrowing.

The Honorable Board of Supervisors  
May 8, 2003  
Page 2

#### Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Service Excellence by providing one stop service delivery to the school district. It supports the Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions. And, it supports the Strategic Plan Goal of Fiscal Responsibility by providing investment in and development of public school infrastructure in this County.

#### **FISCAL IMPACT/FINANCING**

None to the County. All debt will be paid by the District.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Notice Inviting Proposals for Purchase of Bonds provides for the issuance of bonds at an interest rate not to exceed 10% per annum. The final structure will be determined at the time of pricing to achieve the lowest cost of financing within the limits of the proposition's tax levy. The term of the bonds will not exceed twenty-five years. Provision for optional redemption is described in the Notice Inviting Proposals for Purchase of Bonds.

The Resolution provides for the competitive sale of the bonds by the Treasurer and Tax Collector in consultation with the District and their financial advisor. The District has selected Fulbright & Jaworski as the Bond Counsel, and U.S. Bank Trust National Association as Paying Agent.

The County will annually levy and collect ad valorem taxes for the repayment of the bonds on behalf of the District.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

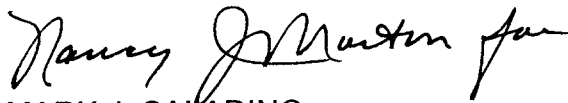
Not Applicable

The Honorable Board of Supervisors  
May 8, 2003  
Page 3

**CONCLUSION**

Upon approval of this Resolution, the Department will need two (2) originally executed copies of the adopted Resolution.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark J. Saladino for".

MARK J. SALADINO  
Treasurer and Tax Collector

MJS:DL:BLC:pab  
Schools: Covina-valley usd

**Attachments(2)**

c: Chief Administrative Officer  
Auditor-Controller  
County Counsel  
Los Angeles County Office of Education  
Covina-Valley Unified School District  
Fulbright & Jaworski  
U.S. Bank Trust, National Association

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RESOLUTION OF THE BOARD OF SUPERVISORS OF  
THE COUNTY OF LOS ANGELES, CALIFORNIA,  
AUTHORIZING THE ISSUANCE AND SALE OF  
GENERAL OBLIGATION BONDS, 2001 ELECTION, SERIES B,  
OF THE COVINA-VALLEY UNIFIED SCHOOL DISTRICT  
IN AN AGGREGATE PRINCIPAL AMOUNT  
NOT TO EXCEED  
THIRTY MILLION DOLLARS (\$30,000,000)

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## TABLE OF CONTENTS

	<u>Page</u>
SECTION 1. DEFINITIONS.....	1
SECTION 2. RULES OF CONSTRUCTION.....	6
SECTION 3. AUTHORITY FOR THIS RESOLUTION .....	6
SECTION 4. RESOLUTION TO CONSTITUTE CONTRACT.....	6
SECTION 5. AUTHORIZATION OF BONDS; METHOD OF AWARD AND SALE.....	6
SECTION 6. AUTHORIZATION OF OFFICERS.....	7
SECTION 7. USE OF BOND PROCEEDS .....	7
SECTION 8. DESIGNATION AND FORM; PAYMENT .....	7
SECTION 9. DESCRIPTION OF CURRENT INTEREST BONDS .....	7
SECTION 10. DESCRIPTION OF CAPITAL APPRECIATION BONDS .....	8
SECTION 11. BOOK-ENTRY SYSTEM.....	8
SECTION 12. EXECUTION OF THE BONDS .....	10
SECTION 13. TRANSFER AND EXCHANGE .....	10
SECTION 14. BONDS MUTILATED, DESTROYED, STOLEN OR LOST .....	10
SECTION 15. BOND REGISTER .....	12
SECTION 16. UNCLAIMED MONEY .....	12
SECTION 17. APPLICATION OF PROCEEDS.....	12
SECTION 18. PAYMENT AND SECURITY FOR THE BONDS.....	12
SECTION 19. DEBT SERVICE FUND.....	13
SECTION 20. ESTABLISHMENT AND APPLICATION OF EXCESS EARNINGS FUND.....	13
SECTION 21. PAYMENTS OF COSTS OF ISSUANCE.....	14
SECTION 22. ESTABLISHMENT OF ADDITIONAL FUNDS AND ACCOUNTS .....	14
SECTION 23. REDEMPTION.....	14
SECTION 24. SELECTION OF BONDS FOR REDEMPTION.....	14
SECTION 25. NOTICE OF REDEMPTION .....	14
SECTION 26. PARTIAL REDEMPTION OF BONDS .....	15
SECTION 27. EFFECT OF NOTICE OF REDEMPTION .....	15
SECTION 28. PAYING AGENT, APPOINTMENT AND ACCEPTANCE OF DUTIES .....	15

## **TABLE OF CONTENTS**

(continued)

	<u>Page</u>
SECTION 29. LIABILITY OF PAYING AGENT .....	16
SECTION 30. EVIDENCE ON WHICH PAYING AGENT MAY ACT .....	16
SECTION 31. COMPENSATION .....	16
SECTION 32. OWNERSHIP OF BONDS PERMITTED .....	16
SECTION 33. RESIGNATION OR REMOVAL OF PAYING AGENT AND APPOINTMENT OF SUCCESSOR .....	16
SECTION 34. INVESTMENT OF CERTAIN FUNDS .....	17
SECTION 35. VALUATION AND SALE OF INVESTMENTS .....	17
SECTION 36. SUPPLEMENTAL RESOLUTIONS WITH CONSENT OF OWNERS.....	17
SECTION 37. SUPPLEMENTAL RESOLUTIONS EFFECTIVE WITHOUT CONSENT OF OWNERS .....	17
SECTION 38. EFFECT OF SUPPLEMENTAL RESOLUTION.....	18
SECTION 39. DEFEASANCE.....	18
SECTION 40. BOND INSURANCE .....	19
 EXHIBIT A-1 - FORM OF CURRENT INTEREST BOND.....	 A-1-1
EXHIBIT A-2 - FORM OF CAPITAL APPRECIATION BOND .....	A-2-1
EXHIBIT B - FORM OF NOTICE INVITING PROPOSALS.....	B-1
EXHIBIT C - FORM OF NOTICE OF INTENTION TO SELL BONDS .....	C-1

**RESOLUTION OF THE BOARD OF SUPERVISORS OF  
THE COUNTY OF LOS ANGELES, CALIFORNIA,  
AUTHORIZING THE ISSUANCE AND SALE OF  
GENERAL OBLIGATION BONDS, 2001 ELECTION, SERIES B  
OF THE COVINA-VALLEY UNIFIED SCHOOL DISTRICT  
IN AN AGGREGATE PRINCIPAL AMOUNT  
NOT TO EXCEED THIRTY MILLION DOLLARS**

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**WHEREAS**, a duly called election was held in the Covina-Valley Unified School District (the "District"), County of Los Angeles (the "County"), on June 5, 2001 and thereafter canvassed pursuant to law; and

**WHEREAS**, at such election there was submitted to and approved by the requisite two-thirds of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of \$50,000,000, payable from the levy of an *ad valorem* tax against the taxable property in the District (the "Authorization"); and

**WHEREAS**, Section 15140 of the Education Code of the State of California (the "Education Code") requires that general obligation bonds of a district shall be offered for sale by the board of supervisors of the county, the county superintendent of which has jurisdiction over such district, as soon as possible following receipt of a resolution adopted by the governing board of such district; and

**WHEREAS**, the Los Angeles County Superintendent of Schools has jurisdiction over the District; and

**WHEREAS**, on February 7, 2002, the County Board issued and sold an initial series of such general obligation bonds in the name of the District, following receipt of a resolution adopted by the Governing Board of the District (the "District Board"), in the aggregate principal amount of \$20,000,000; and

**WHEREAS**, the County Board has received a resolution of the Governing Board of the District (the "District Resolution") requesting the issuance of the second series of such bonds within the Authorization in an aggregate principal amount not to exceed Thirty Million Dollars (\$30,000,000) (the "Bonds") in order to finance or refinance the acquisition, improvement and construction of District facilities;

**NOW THEREFORE, IT IS ORDERED** by the Board of Supervisors of the County as follows:

**SECTION 1. Definitions.** The following terms shall for all purposes of this Resolution have the following meanings:

“Accreted Value” shall mean with respect to any Capital Appreciation Bond, as of any date of calculation, the sum of the Principal Amount thereof and the interest accrued thereon to such date of calculation, compounded from the date of initial issuance at the stated yield to maturity thereof on each June 1 and December 1, or as otherwise set forth in the Successful Proposal, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

“Authorized Investments” shall mean legal investments authorized by Section 53601 of the Government Code of the State of California.

“Authorized Newspaper” shall mean (i) *The Bond Buyer* or (ii) a newspaper or newspapers, customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, published in the English language and of general circulation in the County of Los Angeles, California and in the City and State of New York.

“Authorizing Law” shall mean, collectively, (i) Title 1, Division 1, Part 10, Chapter 1.5 of the California Education Code of the State of California (commencing with Section 15100), as amended, and (ii) Article XIII A of the California Constitution.

“Board” shall mean the Board of Supervisors of the County.

“Bond Obligation” shall mean from time to time as of the date of calculation, with respect to any Current Interest Bond, the Principal Amount thereof and, with respect to any Capital Appreciation Bond, the Accreted Value thereof.

“Bond Register” shall mean the books referred to in Section 15 of this Resolution.

“Bonds” shall mean the Covina-Valley Unified School District General Obligation Bonds, 2001 Election, Series B, issued and delivered pursuant to this Resolution.

“Bond Year” shall mean the twelve-month period commencing June 1 in any year and ending on the last day of May in the next succeeding year, both dates inclusive, or as otherwise set forth in the Successful Proposal; provided, however, that the first Bond Year shall commence on the day the Bonds are issued and shall end on May 31, 2004, both dates inclusive, or as otherwise set forth in the Successful Proposal.

“Business Day” shall mean a day which is not a Saturday, Sunday or a day on which banking institutions in the State or the State of New York and the New York Stock Exchange are authorized or required to be closed.

“Capital Appreciation Bonds” shall mean the Bonds designated as such in Section 10 of this Resolution.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Undertaking” shall mean the Continuing Disclosure Undertaking of the District for the benefit of the Owners of the Bonds.



“Costs of Issuance” shall mean all of the costs of issuing the Bonds, including but not limited to, all printing and document preparation expenses in connection with this Resolution, the Bonds and the Official Statement pertaining to the Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; financial advisory fees; underwriter’s fees; rating agency fees and related travel expenses; auditor’s fees; CUSIP service bureau charges; legal fees and expenses of counsel with respect to the financing; the initial fees and expenses of the Paying Agent; fees for credit enhancement relating to the Bonds; and other fees and expenses incurred in connection with the issuance of the Bonds or the implementation of the financing for the Projects, to the extent such fees and expenses are approved by the District.

“County” shall mean the County of Los Angeles, California.

“County Office of Education” shall mean the Office of Education of the County and such other persons as may be designated by the County Office of Education to perform the operational and disbursement functions hereunder.

“Current Interest Bonds” shall mean the Bonds designated as such in Section 9 of this Resolution.

“Debt Service” shall have the meaning given to that term in Section 19(c) of this Resolution.

“Debt Service Fund” shall mean the Debt Service Fund established pursuant to Section 19(a) of this Resolution.

“Depository” shall mean DTC and its successors and assigns or if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the County discontinues use of the Depository pursuant to this Resolution, any other securities depository which agrees to follow procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Treasurer.

“District” shall mean the Covina-Valley Unified School District.

“DTC” shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

“Excess Earnings Fund” shall mean the Excess Earnings Fund established pursuant to Section 20 of this Resolution.

“Financial Advisor” shall mean Government Financial Strategies, Inc.

“Fiscal Year” shall mean the twelve-month period commencing on July 1 of each year and ending on the following June 30 or any other fiscal year in effect for the District.

“General Obligation Building Fund Series B” shall mean the General Obligation Building Fund Series B of the District established by the Superintendent of Schools at the direction of the District and administered by the County Office of Education.

“Information Services” shall mean Financial Information, Inc.’s “Daily Called Special Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent/FIS, Inc., 5250-77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Municipal News Reports; and Kenny S&P, 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the District may designate in a request of the District delivered to the Paying Agent.

“Interest Payment Date” shall mean with respect to (i) any Current Interest Bond, June 1 and December 1 in each year, and its maturity date, if not a June 1 or December 1, or as otherwise specified in the Successful Proposal, commencing on the date specified in the Successful Proposal, and (ii) any Capital Appreciation Bond, the maturity or prior redemption date thereof.

“Maturity Amount” shall mean the Accreted Value of any Capital Appreciation Bond on its maturity date.

“Nominee” shall mean the nominee of the Depository which may be the Depository, as determined from time to time by the Depository.

“Notice Inviting Proposals” shall mean that certain Notice Inviting Proposals to Purchase Bonds, substantially in the form appended hereto as Exhibit B, by which proposals to purchase the Bonds are solicited for public sale.

“Notice of Intention to Sell Bonds” shall mean that certain Notice of Intention to Sell Bonds, substantially in the form appended hereto as Exhibit C, notifying likely purchasers of the Bonds of the proposed public sale date thereof.

“Original Purchaser” shall mean the institution submitting the Successful Proposal.

“Outstanding” when used with reference to the Bonds, shall mean, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

- (i) Bonds canceled at or prior to such date;
- (ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 14 hereof,
- (iii) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 39 of this Resolution.

“Owner” shall mean the registered owner, as indicated in the Bond Register, of any Bond.

“Participant” shall mean a member of or participant in the Depository.

“Paying Agent” shall mean the Treasurer and his designated agents or his successors or assigns, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent. The Treasurer is authorized to contract with any third party to perform the services of Paying Agent under this Resolution.

“Pledged Moneys” shall have the meaning given to that term in Section 18 of this Resolution.

“Principal” or “Principal Amount” shall mean, as of any date of calculation, with respect to (i) any Current Interest Bond, the principal amount thereof, and (ii) any Capital Appreciation Bond, the Accreted Value thereof.

“Projects” shall have the meaning given to that term in Section 7 of this Resolution.

“Project Costs” shall mean all of the expenses of and incidental to the construction and/or acquisition of the Projects, including Costs of Issuance.

“Record Date” shall mean the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date.

“Regulations” shall mean the regulations of the United States Department of the Treasury proposed or promulgated under Sections 103 and 141 through 150 of the Code which by their terms are effective with respect to the Bonds and similar Treasury Regulations to the extent not inconsistent with Sections 103 and 141 through 150 of the Code, including regulations promulgated under Section 103 of the Internal Revenue Code of 1954, as amended.

“Resolution” shall mean this Resolution.

“S&P” shall mean Standard & Poor’s, a division of the McGraw-Hill Companies, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“Securities Depositories” shall mean The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; and, in accordance with then current guidelines of the securities and Exchange Commission, such other addresses and/or such other securities depositories as the County may designate in a Certificate of the County delivered to the Paying Agent.

“State” shall mean the State of California.

“Successful Proposal” shall mean the proposal submitted in response to the Notice Inviting Proposals which provides the lowest interest expense to the District by a responsible bidder, pursuant to formal award.

“Superintendent of Schools” shall mean the Superintendent of Schools of the County.

“Supplemental Resolution” shall mean any resolution supplemental to or amendatory of this Resolution, adopted by the County in accordance with Section 36 or Section 37 hereof.

“Tax Certificate” shall mean the Tax Certificate and Agreement of the District delivered in connection with the issuance of the Bonds.

“Transfer Amount” shall mean, with respect to (i) any Outstanding Current Interest Bond, the aggregate Principal Amount thereof, and (ii) any Outstanding Capital Appreciation Bond, the Maturity Amount thereof.

“Treasurer” shall mean the Treasurer and Tax Collector of the County or any authorized deputy thereof.

“Underwriter” shall mean an underwriting firm or firms to be selected by the District via a competitive selection process conducted by the Financial Advisor.

SECTION 2. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and vice versa. Except where the context otherwise requires, words importing the singular shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

SECTION 3. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Authorizing Law.

SECTION 4. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the County, the District and the Owners from time to time of the Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

SECTION 5. Authorization of Bonds; Method of Award and Sale. The Treasurer, or his deputy, and such other officers of the County as shall be authorized by the Board, in consultation with the Financial Advisor and Bond Counsel and such officers of the District as shall be authorized by the Governing Board of the District, are hereby authorized and directed to issue and deliver the Bonds and to establish the final Principal Amount thereof, provided, however, that such combined Principal Amount (in one or two series) shall not exceed the maximum aggregate Principal Amount of \$30,000,000. The Bonds shall be sold by public, competitive sale, pursuant to the terms of the Notice Inviting Proposals and the Notice of Intention to Sell Bonds, which are hereby approved. Bond Counsel shall arrange publication of the Notice of Intention to Sell Bonds in accordance with pertinent provisions of the Education Code and the Government Code of the State.

SECTION 6. Authorization of Officers. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized to execute any and all documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purpose.

SECTION 7. Use of Bond Proceeds. Bonds of the District shall be issued in the name and on behalf of the District in an aggregate Principal Amount not to exceed \$30,000,000, for the acquisition, improvement and construction of District facilities for some or all of the purposes authorized at the June 5, 2001 election, the bond proposition approved at which shall be incorporated herein by this reference as though fully set forth in this Resolution (the "Projects"). The County makes no assurance regarding the use of the proceeds of the Bonds.

SECTION 8. Designation and Form; Payment.

(a) An issue of Bonds of one or two series entitled to the benefit, protection and security of this Resolution is hereby authorized in an aggregate Principal Amount not to exceed \$30,000,000. Such Bonds shall be general obligations of the District, payable as to Principal, premium, if any, and interest from *ad valorem* taxes to be levied upon all of the taxable property in the District. The Bonds shall be designated "Covina-Valley Unified School District General Obligation Bonds, 2001 Election, Series B" with such additional series designations as may be necessary or advisable in order to market the Bonds, as set forth in the Successful Proposal. The Bonds may be issued as Current Interest Bonds and/or Capital Appreciation Bonds and shall be subject to redemption as further set forth in the Successful Proposal.

(b) The forms of the Bonds shall be substantially in conformity with the standard forms of registered school district bonds, copies of which are attached hereto as Exhibit A-1 and Exhibit A-2 and incorporated herein by this reference.

(c) Principal, premium, if any, and interest with respect to any Bond are payable in lawful money of the United States of America. Principal and premium, if any, is payable upon surrender thereof at maturity or earlier redemption at the office designated by the Paying Agent in Los Angeles County, California.

SECTION 9. Description of Current Interest Bonds.

(a) The Bonds issued as Current Interest Bonds shall be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof, provided that one such Bond may be in an irregular denomination. The Current Interest Bonds shall be dated and shall mature on the dates, in the years and in the Principal Amounts, and interest shall be computed at the rates, set forth in the Successful Proposal.

(b) Interest on each Current Interest Bond shall accrue from its dated date as set forth in the Successful Proposal. Interest on Current Interest Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date. Interest with respect to each Current Interest Bond will be payable from the Interest Payment Date next

preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest with respect thereto shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any Current Interest Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Current Interest Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of \$1,000,000 or more of such Current Interest Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Current Interest Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

#### SECTION 10. Description of Capital Appreciation Bonds.

(a) The Bonds issued as Capital Appreciation Bonds shall be issued in fully registered form in any denominations of their Principal Amounts but shall reflect denominations of \$5,000 Maturity Amount or any integral multiple thereof, except that one such Bond may reflect an irregular denomination. The Capital Appreciation Bonds shall be dated as of the date of their issuance, shall be issued in the aggregate Principal Amounts, shall mature on the dates, in the years and in the Maturity Amounts, and shall accrete interest with the yields to maturity, all as set forth in the Successful Proposal.

(b) Interest on each Capital Appreciation Bond, if any, shall be compounded semiannually on June 1 and December 1 of each year until maturity, or as otherwise set forth in the Successful Proposal, commencing on the date set forth in the Successful Proposal, computed using a year of 360 days comprised of twelve 30-day months and shall be payable only at maturity as part of the Maturity Amount.

#### SECTION 11. Book-Entry System.

(a) The Bonds shall be initially issued in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds within each series. Upon initial issuance, the ownership of each such Bond certificate shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in subsection (c) hereof, all of the Outstanding Bonds shall be registered in the Bond Register in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another nominee of the Depository or of a successor Depository. Each Bond certificate shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED UNDERWRITER OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME

AS IS REQUESTED BY AN AUTHORIZED UNDERWRITER OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED UNDERWRITER OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

With respect to Bonds registered in the Bond Register in the name of the Nominee, the County and the District shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the County and the District shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Participant, beneficial owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any redemption notice, (iii) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part, or (iv) the payment to any Participant, beneficial owner or any other person, other than the Depository, of any amount with respect to Principal of, premium, if any, and interest on the Bonds. The County and the District may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute Owner of such Bond for the purpose of payment of Principal of, premium, if any, and interest on such Bond, for the purpose of giving Redemption Notices and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Paying Agent shall pay all Principal of, premium, if any, and interest on the Bonds only to the respective Bond Owners, as shown in the Bond Register, and all such payments shall be valid hereunder with respect to payment of Principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of Principal of, premium, if any, and interest, pursuant to this Resolution. Upon delivery by the Depository to the Paying Agent and the County of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions hereof with respect to Record Dates, the word Nominee in this Resolution shall refer to such new nominee of the Depository.

(b) If at any time the Depository notifies the County and the District that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Treasurer within 90 days after the County and the District receive notice or become aware of such condition, as the case may be, subsection (a) hereof shall no longer be applicable and the Treasurer shall issue bonds representing the Bonds as provided below. In addition, the County and the District may determine at any time that the Bonds shall no longer be represented by book-entry securities and that the provisions of subsection (a) hereof shall no longer apply to the Bonds. In any such event the Treasurer shall execute and deliver certificates representing the Bonds as provided below. Bonds issued in exchange for book-entry securities pursuant to this subsection (c) shall be registered in such names and delivered in such denominations as the

Depository shall instruct the County and the District. The Treasurer shall deliver such securities representing the Bonds to the persons in whose names such Bonds are so registered.

If the County and the District determine to replace the Depository with another qualified securities depository, the County and the District shall prepare or cause to be prepared a new fully registered book-entry security for each of the maturities of Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the County, the District and such securities depository and not inconsistent with the terms of this Resolution.

(c) Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to Principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

(d) The initial Depository under this Resolution shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

#### SECTION 12. Execution of the Bonds.

(a) The Bonds shall be executed in the name of the District by the County by the manual or facsimile signature of the Chair of the Board and the manual or facsimile signature of the Treasurer, and shall be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board or by a deputy of either of such officers. The County's seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced on each Bond. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been issued by the County on behalf of the District, such Bonds may, nevertheless, be issued, as herein provided, as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any of the Bonds may be signed and sealed on behalf of the County by such persons as at the time of the execution of such Bonds shall be duly authorized to hold or shall hold the proper offices in the County, although at the date borne by the Bonds such persons may not have been so authorized or have held such offices.

(b) The Bonds shall bear thereon a certificate of authentication executed manually by the Paying Agent. Only such Bonds as shall bear thereon such certificate of authentication duly executed by the Paying Agent shall be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Paying Agent. Such certificate of the Paying Agent upon any Bond shall be conclusive evidence that the Bond so authorized has been duly authenticated and delivered under this Resolution and that the Owner thereof is entitled to the benefit of this Resolution.

SECTION 13. Transfer and Exchange. The registration of any Bond may be transferred upon the Bond Register upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer shown



in Exhibit A-1 or A-2 hereto, duly executed by the Owner or his duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations, will be executed and delivered to the transferee in exchange therefor.

The Paying Agent shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether the Principal, premium, if any, or interest with respect to such Bond shall be overdue or not, for the purpose of receiving payment of Principal, premium, if any, and interest with respect to such Bond and for all other purposes, and any such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the County, the District or the Paying Agent shall not be affected by any notice to the contrary.

Bonds may be exchanged at the office of the Paying Agent for Bonds of like tenor, maturity and Transfer Amount of other authorized denominations. All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon any exchange (except in the case of the first exchange of any Bond in the form in which it is originally delivered, for which no charge shall be imposed) and the Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

**SECTION 14. Bonds Mutilated, Destroyed, Stolen or Lost.** In case any Bond shall become mutilated, the Paying Agent, at the expense of the Owner, shall deliver a new Bond of like date, interest rate, maturity, Transfer Amount, series and tenor as the Bond so mutilated in exchange and substitution for such mutilated Bond, upon surrender and cancellation thereof. All Bonds so surrendered shall be cancelled. If any Bond shall be destroyed, stolen or lost, evidence of such destruction, theft or loss may be submitted to the Paying Agent and if such evidence is satisfactory to the Paying Agent that such Bond has been destroyed, stolen or lost, and upon furnishing the Paying Agent with indemnity satisfactory to the Paying Agent and complying with such other reasonable regulations as the Paying Agent may prescribe and paying such expenses as the Paying Agent may incur the Paying Agent shall, at the expense of the Owner, execute and deliver a new Bond of like date, interest rate, maturity, Transfer Amount and tenor in lieu of and in substitution for the Bond so destroyed, stolen or lost. Any new Bonds issued pursuant to this Section 14 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the District, whether or not the Bonds so alleged to be destroyed, stolen or lost are at any time enforceable by anyone, and shall be equally

secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Resolution in any moneys or securities held by the Paying Agent for the benefit of the Owners of the Bonds.

SECTION 15. Bond Register. The Paying Agent shall keep or cause to be kept at its office sufficient books for the registration and registration of transfer of the Bonds. Upon presentation for registration of transfer, the Paying Agent shall, as above provided and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such books.

SECTION 16. Unclaimed Money. All money which the Paying Agent shall have received from any source and set aside for the purpose of paying or redeeming any of the Bonds shall be held in trust for the respective Owners of such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall remain unclaimed by the Owners of such Bonds for a period of one year after the date on which any payment or redemption with respect to such Bonds shall have become due and payable shall be transferred to the General Fund of the District; provided, however, that the Paying Agent, before making such payment, shall cause notice to be mailed to the Owners of such Bonds, by first class mail, after a date in said notice, which date shall not be less than thirty (30) days after the date of mailing such notice. The Owners of such Bonds shall look only to the General Fund of the District for payment of such Bonds.

SECTION 17. Application of Proceeds. Upon the sale of the Bonds, the Treasurer is hereby directed to deposit or cause to be deposited the proceeds thereof, exclusive of accrued interest and any original issue premium, into the fund established for the account of the District and designated as the "Covina-Valley Unified School District General Obligation Building Fund Series B" which shall be administered by the County Office of Education for the account of the District and which shall be kept separate and apart from all other accounts held hereunder. The District shall, from time to time, disburse from the General Obligation Building Fund Series B to pay the Project Costs, including by preparing the District's existing lease-purchase obligations. Amounts in the General Obligation Building Fund Series B shall be invested so as to be available for the aforementioned disbursements. The District shall keep a written record of disbursements from the General Obligation Building Fund Series B.

Any amounts that remain in the General Obligation Building Fund Series B at the completion of the Projects shall be transferred to the Debt Service Fund to be used to pay the Principal of, premium, if any, and interest on the Bonds, subject to any conditions set forth in the Tax Certificate.

SECTION 18. Payment and Security for the Bonds. The Board shall annually at the time of making the levy of taxes for County purposes, levy a continuing direct *ad valorem* tax for the Fiscal Year upon the taxable property in the District in an amount at least sufficient, together with moneys on deposit in the Debt Service Fund and available for such purpose, to pay the Principal of, premium, if any, and interest on each Bond as each becomes due and payable in the next succeeding Bond Year. The tax levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, on behalf of the

District, hereby pledges as security for the Bonds and the interest thereon, and the Treasurer is directed to deposit or cause to be deposited in the District's Debt Service Fund, the proceeds from the levy of the aforementioned tax which the County receives (the "Pledged Moneys"). The Pledged Moneys shall be used to pay the Principal of, premium, if any, and interest on the Bonds when and as the same shall become due and payable. The Bonds are the general obligations of the District and do not constitute an obligation of the County except as provided in this Resolution. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds or the interest thereon.

SECTION 19. Debt Service Fund.

(a) The County is hereby directed to deposit or cause to be deposited any accrued interest and any original issue premium received by the County from the sale of the Bonds in the fund established for the account of the District and designated as the "Covina-Valley Unified School District General Obligation Bonds Series B, Debt Service Fund" (the "Debt Service Fund") to be administered by the County and used only for the payment of the Principal of, premium, if any, and interest on the Bonds.

(b) All Pledged Moneys shall be deposited upon collection by the County into the Debt Service Fund and used for the payment of the Principal of, premium, if any, and interest on the Bonds.

(c) On the Business Day immediately preceding each Interest Payment Date, if the Paying Agent is not the Treasurer, and on the Interest Payment Date if the Paying Agent is the Treasurer, the District shall transfer or cause to be transferred from the Debt Service Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the Principal of, premium, if any, and interest on the Bonds (collectively, the "Debt Service") on such Interest Payment Date. Debt Service on the Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of Debt Service.

(d) The District shall cause moneys to be transferred to the extent needed to comply with the Tax Certificate. Any amounts on deposit in the Debt Service Fund when there are no longer any Bonds Outstanding shall be transferred to the General Fund of the District subject to any conditions set forth in the Tax Certificate.

SECTION 20. Establishment and Application of Excess Earnings Fund. There is hereby established in trust a special fund designated "Covina-Valley Unified School District General Obligation Bonds Series B, Excess Earnings Fund" (the "Excess Earnings Fund") which shall be administered by the County Office of Education for the account of the District and which shall be kept separate and apart from all other funds and accounts held hereunder. The District shall transfer, or cause to be transferred, moneys from the General Obligation Building Fund Series B to the Excess Earnings Fund in accordance with the provisions of the Tax Certificate. Amounts on deposit in the Excess Earnings Fund shall only be applied to payments made to the United States or otherwise transferred to other accounts or funds established hereunder in accordance with the Tax Certificate.

SECTION 21. Payments of Costs of Issuance. The District shall pay, or cause to be paid, Costs of Issuance using moneys disbursed from time to time, as appropriate, from the General Obligation Building Fund Series B.

SECTION 22. Establishment of Additional Funds and Accounts. If at any time it is deemed necessary or desirable by the District, the County Office of Education may establish additional funds under this Resolution and/or accounts within any of the funds or accounts established hereunder.

SECTION 23. Redemption. The Bonds shall be subject to redemption as provided in the Successful Proposal.

SECTION 24. Selection of Bonds for Redemption. Whenever provision is made in this Resolution or in the Successful Proposal for the redemption of the Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 60 days prior to the Interest Payment Date designated for such redemption, shall select Bonds for redemption in inverse order of maturity within a series. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in the Maturity Amount of \$5,000 or any integral multiple thereof. The Accreted Value of such Capital Appreciation Bond shall be determined by reference to a schedule to be provided to the Paying Agent by the Original Purchaser.

SECTION 25. Notice of Redemption. When redemption is authorized or required pursuant to this Resolution and the Successful Proposal, the Paying Agent, upon written instruction from the District given at least 60 days prior to the Interest Payment Date designated for such redemption, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount or Accreted Value, as appropriate, of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date in the case of Current Interest Bonds, and that from and after such date interest with respect thereto shall cease to accrue or accrete and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice:

(a) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register.

(b) In the event that the Bonds shall no longer be held in book-entry only form, at least two days before the date of the notice required by clause (a) of this Section 25, such Redemption Notice shall be given by (i) first class mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by series and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

SECTION 26. Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of Authorized Denominations equal in Transfer Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

SECTION 27. Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 23 hereof, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of Sections 23, 24 and 25 shall be cancelled upon surrender thereof and delivered to or upon the order of the County and the District. All or any portion of a Bond purchased by the County or the District shall be cancelled by the Paying Agent upon written notice by the County or the District given to the Paying Agent.

SECTION 28. Paying Agent, Appointment and Acceptance of Duties.

(a) The Board and the Treasurer hereby consent to and confirm the appointment of the Treasurer to act as Paying Agent for the Bonds under this Resolution. All fees and expenses incurred for services of the Paying Agent shall be the sole responsibility of the

District. The District shall function as the dissemination agent and shall perform all duties and obligations as set forth in the Continuing Disclosure Undertaking. The Paying Agent, if other than the Treasurer acting as Paying Agent, shall have a corporate trust office in Los Angeles, California.

(b) Unless otherwise provided, the office of the Paying Agent designated by the Paying Agent shall be the place for the payment of Principal of, premium, if any, and interest on the Bonds.

SECTION 29. Liability of Paying Agent. The Paying Agent makes no representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or as to the security afforded by this Resolution, and the Paying Agent shall incur no liability in respect hereof or thereof.

SECTION 30. Evidence on Which Paying Agent May Act. The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may or may not be counsel to the County or the District, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

SECTION 31. Compensation. The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution. In no event shall the County be required to expend its own funds hereunder.

SECTION 32. Ownership of Bonds Permitted. The Paying Agent or the Underwriter may become the Owner of any Bonds.

SECTION 33. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) The Paying Agent initially appointed hereunder may resign from service as Paying Agent and in the event the Treasurer selects a third party to perform the services of initial Paying Agent, the Treasurer may remove such Paying Agent or any subsequent Paying Agent as provided in the respective Paying Agent's service agreement. Without further action by the District, if at any time the Paying Agent shall resign or be removed, the Treasurer shall appoint a successor Paying Agent, which shall be a bank or trust company doing business in and having a corporate trust office in Los Angeles, California, with at least \$50,000,000 in net assets. The Paying Agent shall keep accurate records of all funds administered by it and of all Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the County in a format mutually agreeable to the Paying Agent and the County. Such successor

Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the County and the District, a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

(b) In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or, if there is no successor, the Treasurer shall remain the Paying Agent.

SECTION 34. Investment of Certain Funds. Moneys held in all funds and accounts established hereunder shall be invested and reinvested by the Treasurer in Authorized Investments to the fullest extent practicable as shall be necessary to provide moneys when needed for payments to be made from such funds or accounts, subject to any conditions set forth in the Tax Certificate. Nothing in this Resolution shall prevent any investment securities acquired as investments of funds held hereunder from being issued or held in book-entry form on the books of the Department of the Treasury of the United States. All investment earnings on amounts on deposit in the General Obligation Building Fund Series B, the Excess Earnings Fund and the Debt Service Fund shall remain on deposit in such funds.

SECTION 35. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to any fund or account shall be credited or charged to such fund or account. In computing the amount in any fund or account created under the provisions of this Resolution for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at cost, plus, where applicable, accrued interest.

SECTION 36. Supplemental Resolutions With Consent of Owners. This Resolution, and the rights and obligations of the County, the District and of the Owners of the Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the County with the written consent of Owners owning at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the County or the District; provided, however, that so long as the Bond Insurance Policy is in effect, and provided that the Bond Insurer complies with its obligations thereunder, the Bond Insurer shall be deemed to be the sole Owner of the Bonds for purposes of this sentence. Notwithstanding the foregoing, no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification thereof or hereof. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners are not directly and adversely affected by such amendment or modification.

SECTION 37. Supplemental Resolutions Effective Without Consent of Owners. For any one or more of the following purposes and at any time or from time to time, a

Supplemental Resolution of the County may be adopted, which, without the requirement of consent of the Owners, shall be fully effective in accordance with its terms:

(a) To add to the covenants and agreements of the County or the District in this Resolution, other covenants and agreements to be observed by the County or the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) To add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the County or the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) To confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by this Resolution, of any moneys, securities or funds, or to establish any additional funds, or accounts to be held under this Resolution;

(d) To cure any ambiguity, supply any omission, or cure to correct any defect or inconsistent provision in this Resolution; or

(e) To amend or supplement this Resolution in any other respect, provided such Supplemental Resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners.

SECTION 38. Effect of Supplemental Resolution. Any act done pursuant to a modification or amendment so consented to shall be binding upon the Owners of all the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent relating to such specified matters has been given, no Owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the County or the District or any officer or agent of either from taking any action pursuant thereto.

SECTION 39. Defeasance. If all Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(1) by well and truly paying or causing to be paid the Principal of and interest on all Bonds Outstanding, and when the same become due and payable;

(2) by depositing with the Paying Agent, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Debt Service Fund plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds Outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(3) by depositing with an institution to act as escrow agent selected by the District and approved by the County and which meets the requirements of serving as Paying Agent pursuant to Section 33, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United



States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, in the opinion of a verification agent satisfactory to the County, to pay and discharge all Bonds Outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the County, the District and the Paying Agent under this Resolution with respect to all Outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under Section 31 hereof.

SECTION 40. Bond Insurance. All or a portion of the Bonds may be sold with bond insurance or other form of credit enhancement, if the Treasurer, in consultation with the Financial Advisor and the District, determines that the savings to the District resulting from the purchase of such bond insurance exceeds the cost thereof.

The foregoing resolution was, on the \_\_\_\_ day of \_\_\_\_\_, 2003, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS,  
Executive Officer-Clerk of the Board of  
Supervisors of the County of Los Angeles

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:  
LLOYD W. PELLMAN  
County Counsel

By: Sheilah Curtis  
Deputy County Counsel

EXHIBIT A-1

FORM OF CURRENT INTEREST BOND

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

COVINA-VALLEY UNIFIED SCHOOL DISTRICT (COUNTY OF LOS ANGELES)  
GENERAL OBLIGATION BONDS, 2001 ELECTION, SERIES B

\$ \_\_\_\_\_

No. \_\_\_\_\_

Interest Rate

Maturity Date

Dated Date

CUSIP

\_\_\_\_%

June 1, 20\_\_

Date of Delivery

REGISTERED OWNER:  
PRINCIPAL AMOUNT:

The Covina-Valley Unified School District (the "District") of the County of Los Angeles, State of California, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner set forth above the Principal Amount set forth above, on the Maturity Date set forth above, together with interest thereon from the dated date set forth above until the Principal Amount hereof shall have been paid or provided for, in accordance with the Resolution hereinafter referred to, at the interest rate set forth above. Interest on this Bond is payable on June 1, 2004 and semiannually thereafter on the first day of June and December (each an "Interest Payment Date") in each year to the registered owner hereof from the Interest Payment Date next preceding the date on which this Bond is registered (unless it is registered after the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a "Record Date") and before the close of business on the immediately following Interest Payment Date, in which event it shall bear interest from such following Interest Payment Date, or unless this Bond is registered prior to the close of business on May 15, 2004, in which event it shall bear interest from its date; provided, however, that if at the time of registration of this Bond interest with respect hereto is in default, interest with respect hereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment). The Principal Amount hereof is payable at the office of the Treasurer and Tax Collector of the County of Los Angeles, as paying agent (the "Paying Agent"), or at the office of a successor Paying Agent appointed by the Treasurer and Tax Collector. The interest hereon is payable by check or draft mailed by first class mail to each registered owner, at his address as it appears on the registration books kept by the Paying Agent as of the Record Date.

[The Bonds of this issue are comprised of \$\_\_\_\_\_ Principal Amount of Current Interest Bonds, of which this Bond is a part (a "Current Interest Bond") and \$\_\_\_\_\_ Principal Amount of Capital Appreciation Bonds.] This Bond is issued by the County of Los Angeles (the "County") in the name of and on behalf of the District under and in accordance

with the provisions of (i) Title 1, Division 1, Part 10, Chapter 1.5 of the California Education Code (commencing with Section 15100) (the "Act") and (ii) Article XIII A of the California Constitution, and pursuant to that certain "Resolution of the Board of Supervisors of the County of Los Angeles, California Authorizing the Issuance and Sale of General Obligation Bonds, 2001 Election, Series B, of the Covina-Valley Unified School District in an Aggregate Principal Amount Not to Exceed \$30,000,000" adopted by the Board of Supervisors of the County on \_\_\_\_\_, 2003 (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file at the office of the Treasurer of the County, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent, the County and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of two-thirds of the qualified electors of the District voting on the proposition at a general election held therein to determine whether such Bonds should be issued.

This Bond is a general obligation of the District, payable as to both Principal and interest from *ad valorem* taxes which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property in the District. Neither the payment of the Principal of this Bond, or any part thereof, nor any interest or premium hereon constitute a debt, liability or obligation of the County.

This Bond is issued in fully registered form and is nonnegotiable. Registration of this Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations will be issued to the transferee in exchange herefor. The District, the County and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

Current Interest Bonds maturing on or before June 1, \_\_\_\_ shall not be subject to redemption prior to their maturity dates. Current Interest Bonds maturing on or before June 1, \_\_\_\_ may be redeemed before maturity at the option of the District, from any source of funds, on June 1, \_\_\_\_ or on any Interest Payment Date thereafter as a whole, or in part, in inverse order of maturity and by lot within a maturity. For the purposes of such selection, Current Interest Bonds will be deemed to consist of \$5,000 portions by Maturity Amount, and any such portion may be separately redeemed. The Current Interest Bonds called prior to maturity will be redeemed at the following redemption prices, expressed as a percentage of par value, at the principal amount thereof, together with accrued interest to the date of redemption.

The rights and obligations of the County and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the County with the written consent of owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the County; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of each

Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon or change the monetary medium in which the Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

A supplemental resolution of the County may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the County in the Resolution, other covenants and agreements to be observed by the County or the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the County or the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (5) to amend or supplement the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the owners.

If this Bond is called for redemption and the Principal Amount of this Bond plus premium, if any, and accrued interest due with respect hereto are duly provided therefor as specified in the Resolution, then interest shall cease to accrue with respect hereto from and after the date fixed for redemption.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed manually by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that an election was duly and legally called, held and conducted, and the notices thereof duly given, and the results thereof canvassed and declared in accordance with the provisions of the Act and that all of the proceedings of the Governing Board of the District and of the Board of Supervisors of the County in the matter of the issuance of this Bond were regular and in strict accordance with the provisions of the Act and of the Constitution of the State of California, and that the total bonded indebtedness of the District, including the issue of which this Bond is a part, does not exceed any limit prescribed by said Act.

IN WITNESS WHEREOF, the County of Los Angeles has caused this Bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the Chair of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer - Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto as of the date stated above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chair of the Board of Supervisors

Countersigned:

By: \_\_\_\_\_  
Executive Officer - Clerk of the Board of  
Supervisors of the County

By: \_\_\_\_\_  
Treasurer and Tax Collector

[SEAL]

The following Certificate of Authentication shall be printed on the face of each Bond:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Supervisors of the County of Los Angeles.

DATED: \_\_\_\_\_, 2003

TREASURER AND TAX COLLECTOR OF  
THE COUNTY OF LOS ANGELES, as  
Paying Agent

By: U.S. BANK NATIONAL  
ASSOCIATION, as agent

By: \_\_\_\_\_  
Authorized Designee

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: \_\_\_\_\_

Address for Payment of Interest: \_\_\_\_\_

Social Security Number or other Tax Identification No.: \_\_\_\_\_

the within-mentioned Bond and hereby irrevocably constitutes and appoints attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

\_\_\_\_\_  
Registered Owner

Dated:

NOTICE: The signature on this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature \_\_\_\_\_  
guaranteed

[Bank, Trust Company or Firm]

By \_\_\_\_\_  
Authorized Officer

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.



**EXHIBIT A-2**

**FORM OF CAPITAL APPRECIATION BOND**

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

COVINA-VALLEY UNIFIED SCHOOL DISTRICT (COUNTY OF LOS ANGELES)  
GENERAL OBLIGATION BONDS, 2001 ELECTION, SERIES B

No. \_\_\_\_\_

<u>Reoffering Yield</u>	<u>Yield to Maturity</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
%	____%	June 1, 20__	Date of Delivery	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

MATURITY AMOUNT:

The Covina-Valley Unified School District of the County of Los Angeles (the "District"), State of California, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner set forth above the Maturity Amount set forth above, on the Maturity Date set forth above. Interest on this Bond with respect to the Principal Amount hereof will accrue at the Interest Rate per annum shown above from the Dated Date shown above and will be compounded semiannually on June 1 and December 1 of each year until maturity, computed using a year of 360 days comprised of twelve 30-day months and shall be payable only at maturity as part of the Maturity Amount. The Accreted Value hereof is payable at the office of the Treasurer and Tax Collector of the County of Los Angeles, as paying agent (the "Paying Agent"), or at the office of a successor Paying Agent appointed by the Treasurer and Tax Collector.

[The bonds of this issue are comprised of \$\_\_\_\_\_ of Principal Amount of Capital Appreciation Bonds of which this Bond is a part (a "Capital Appreciation Bond") and \$\_\_\_\_\_ Principal Amount of Current Interest Bonds.] This Bond is issued by the County of Los Angeles (the "County") in the name of and on behalf of the District under and in accordance with the provisions of (i) Title 1, Division 1, Part 10, Chapter 1.5 of the California Education Code (commencing with Section 15100) (the "Act") and (ii) Article XIII A of the California Constitution, and pursuant to that certain "Resolution of the Board of Supervisors of the County of Los Angeles, California Authorizing the Issuance and Sale of General Obligations Bonds, 2001 Election, Series B, of the Covina-Valley Unified School District in an Aggregate Amount Not to Exceed \$30,000,000" adopted by the Board of Supervisors of the County on \_\_\_\_\_, 2003 (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file at the office of the Treasurer of the County, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent, the County and the District, to all of the provisions

of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of two-thirds of the qualified electors of the District voting on the proposition at a general election held therein to determine whether such Bonds should be issued.

This Bond is a general obligation of the District, payable as to Maturity Amount from *ad valorem* taxes which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property in the District. Neither the payment of the Maturity Amount of this Bond, or any part hereof, nor any premium hereon constitute a debt, liability or obligation of the County.

This Bond is issued in fully registered form and is nonnegotiable. Registration of this Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations will be issued to the transferee in exchange herefor. The District, the County and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

The Capital Appreciation Bonds are not subject to redemption prior to maturity.

The rights and obligations of the County and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the County with the written consent of owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the County; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon, extend its maturity or the times for paying interest thereon or change the monetary medium in which the Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

A supplemental resolution of the County may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the County in the Resolution, other covenants and agreements to be observed by the County which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the County which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (5) to amend or supplement

the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the owners.

If this Bond is called for redemption and the Maturity Amount, without premium, is duly provided therefor as specified in the Resolution, then interest shall cease to accrete with respect hereto from and after the date fixed for redemption.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed manually by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that an election was duly and legally called, held and conducted, and the notices thereof duly given, and the results thereof canvassed and declared in accordance with the provisions of the Act and that all of the proceedings of the Governing Board of the District and of the Board of Supervisors of the County in the matter of the issuance of this Bond were regular and in strict accordance with the provisions of the Act and of the Constitution of the State of California, and that the total bonded indebtedness of the District, including the issue of which this Bond is a part, does not exceed any limit prescribed by said Act.

IN WITNESS WHEREOF, the County of Los Angeles has caused this Bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the Chair of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto as of the date stated above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chair of the Board of Supervisors

Countersigned:

By: \_\_\_\_\_  
Executive Officer - Clerk of the Board of  
Supervisors of the County

By: \_\_\_\_\_  
Treasurer and Tax Collector

[SEAL]

The following Certificate of Authentication shall be printed on each Bond:

CERTIFICATE OF AUTHENTICATION

DATED: \_\_\_\_\_, 2003

TREASURER AND TAX COLLECTOR OF  
THE COUNTY OF LOS ANGELES, as  
Paying Agent

By: U.S. BANK NATIONAL  
ASSOCIATION, as agent

By: \_\_\_\_\_  
Authorized Designee

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: \_\_\_\_\_

Address for Payment of Interest: \_\_\_\_\_

Social Security Number or other Tax Identification No.: \_\_\_\_\_

the within-mentioned Bond and hereby irrevocably constitutes and appoints attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

\_\_\_\_\_  
Registered Owner

Dated:

NOTICE: The signature on this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature \_\_\_\_\_  
guaranteed

[Bank, Trust Company or Firm]

By \_\_\_\_\_  
Authorized Officer

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

## **NOTICE INVITING PROPOSALS FOR PURCHASE OF BONDS**

\$30,000,000\*

**COVINA-VALLEY UNIFIED SCHOOL DISTRICT  
(COUNTY OF LOS ANGELES, CALIFORNIA)  
GENERAL OBLIGATION BONDS  
2001 ELECTION, SERIES B**

NOTICE IS HEREBY GIVEN that sealed and telecommunicated unconditioned proposals will be received to and including the hour of 10:35 a.m., local time, on June 5, 2003, at the office of the County of Los Angeles Treasurer and Tax Collector, 500 West Temple Street, Room 437, Los Angeles, California 90012, for the purchase of all, but not less than all, of \$30,000,000\* principal amount of Covina-Valley Unified School District (the "District"), County of Los Angeles, California (the "County"), General Obligation Bonds, 2001 Election, Series B (the "Bonds"). Proposals may also be submitted by telefax at the offices of the District's Financial Advisor identified below, or electronically via the Parity Electronic Bid Submission System ("PARITY") in the manner described below. Within 30 hours of bid opening, the Los Angeles County Treasurer and Tax Collector of the County, or his designee, in conjunction with the Superintendent or the Chief Business Officer of the District, or the designee thereof, will consider the bids received and, if an acceptable bid is received, award the sale of the Bonds on the basis of the true interest cost. In the event that no bid is awarded by the designated time, the District will reschedule the sale to another date or time by providing notification through Thomson Municipal News. The District reserves the right to change the time or postpone the date of the sale to any other time or date by providing notification through Thomson Municipal News.

***Important Note:* The winning bidder will be required to pay, from underwriter's gross spread, certain costs of issuance of the Bonds. See "Payment of Issuance Costs" herein.**

Issue:

The Bonds will be dated their date of delivery will be in denominations or Maturity Amounts of \$5,000 each, or integral multiples thereof, and will bear or accrete interest from the date of the Bonds to the maturity of each of the Bonds at the rate or rates such that the interest rate shall not exceed 10% per annum, with interest payable as to Current Interest Bonds on June 1, 2004, and semiannually thereafter on June 1 and December 1 of each year during the term of each of such Bonds. Capital Appreciation Bonds shall accrete interest which shall be payable only at maturity. The Bonds mature on June 1 in each of the years 2007 to 2028, inclusive, as follows:

---

\* Preliminary, subject to change.

### **Current Interest Bonds**

Year (June 1)	Principal Amount	Year (June 1)	Principal Amount
2005	\$ 875,000	2017	\$ 85,000
2006	1,175,000	2018	90,000
2007	50,000	2019	95,000
2008	55,000	2020	100,000
2009	55,000	2021	105,000
2010	60,000	2022	110,000
2011	65,000	2023	120,000
2012	65,000	2024	125,000
2013	70,000	2025	130,000
2014	75,000	2026	140,000
2015	80,000	2027	145,000
2016	80,000	2028	150,000

### **Capital Appreciation Bonds**

Maturity Date (June 1)	Initial Principal Amount	Yield to Maturity	Maturity Amount	Price
2007	\$	%	\$ 1,511,302.00	%
2008			1,590,000.00	
2009			1,675,000.00	
2010			1,750,000.00	
2011			1,775,000.00	
2012			1,850,000.00	
2013			1,950,000.00	
2014			2,050,000.00	
2015			2,125,000.00	
2016			2,250,000.00	
2017			2,350,000.00	
2018			2,450,000.00	
2019			2,550,000.00	
2020			2,675,000.00	
2021			2,800,000.00	
2022			2,925,000.00	
2023			3,050,000.00	
2024			3,200,000.00	
2025			3,300,000.00	
2026			3,400,000.00	
2027			5,450,000.00	
2028			5,700,000.00	



#### Adjustment of Principal Amounts:

The principal amounts of each maturity of Current Interest Bonds set forth above in the table entitled "Current Interest Bonds," and the maturity values of the Capital Appreciation Bonds set forth above in the table entitled "Capital Appreciation Bonds" reflect certain estimates of the District and its Financial Advisor with respect to the likely interest rates of the winning bid and the premium contained in the winning bid. Following the determination of the successful bidder, the Treasurer, acting on behalf of and in consultation with the District, reserves the right to increase or decrease the principal amount of each maturity of the Bonds, in \$5,000 increments (except that the maturity value of the first numbered Capital Appreciation Bond may be adjusted such that the resulting maturity value shall not be in an integral multiple of \$5,000), and to increase or decrease the aggregate principal amount of the Bonds to be issued as either Current Interest Bonds or as Capital Appreciation Bonds, by an amount not to exceed 5% of each such principal payment; provided, however, that the adjusted aggregate principal amount of the Bonds shall not exceed \$30,000,000. Such adjustment shall be made within 26 hours of the bid opening and in the sole discretion of the Treasurer, upon a recommendation of the District. The aggregate price bid by the successful bidder will be adjusted by the Treasurer proportionate to any increase or decrease in the aggregate principal amount of the Bonds and without consideration for the reoffering price by the successful bidder to the public of any individual maturity of the Bonds. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR ANY INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE STATED PRINCIPAL AMOUNTS.

#### Special Bidder's Option:

The purchaser may elect to combine any number of consecutive maturities of Bonds for which an identical yield to maturity has been specified to comprise term Bonds by indicating such an election on the bid form. The election to create term Bonds in such manner will require the creation of a mandatory sinking fund so that the sinking fund redemption payments shall equal the principal amount of the corresponding serial Bond maturities.

#### Optional Redemption:

The redemption provisions shall be as follows or as otherwise stated in the Official Statement:

The Current Interest Bonds maturing on or before June 1, 2012 are not subject to redemption prior to their fixed maturity dates. The Current Interest Bonds maturing on or after June 1, 2013, may be redeemed before maturity at the option of the District, from any source of funds, on June 1, 2012, or on any Interest Payment Date thereafter as a whole, or in part in inverse order of maturity and by lot within a maturity. The Current Interest Bonds called prior to maturity will be

redeemed at the following redemption prices, expressed as a percentage of par value, together with accrued interest to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
June 1, 2012 and December 1, 2012	101%
June 1, 2013 and thereafter	100

**Capital Appreciation Bonds are not subject to redemption prior to maturity.**

Notice of Redemption:

Notice of redemption of any Current Interest Bond will be mailed to the registered owner of each Current Interest Bond to be redeemed in whole or in part, at the address shown on the registration records maintained by the Bond Registrar designated for the Bonds; such mailing to be not more than 45 nor less than 30 days prior to the date set for redemption. Failure to mail notice to any owner will not affect the validity of the proceedings for the redemption of Bonds.

Registration of Bonds as to Principal and Interest and Place of Payment:

The Bonds, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only, in the denominations of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal, premium, if any, and interest are payable in lawful money of the United States of America at the corporate trust office of the Bond Registrar, to DTC, which in turn will remit such amounts to the beneficial owners of the Bonds through DTC's Participants, as described in the Preliminary Official Statement. The successful bidder will be required to pay any fees to DTC.

Authority:

The Bonds will be issued pursuant to the Constitution and laws of the State of California, and resolutions adopted by the District and the County. The issuance of the Bonds was authorized by a two-thirds vote of the qualified electors of the District voting at a special election held on June 5, 2001.

Security:

Both principal of and interest on the Bonds are payable from an unlimited *ad valorem* tax levied against all of the taxable property (except certain personal property which is taxable at limited rates) in the District.

Form of Bid:

A prescribed form of bid for the Bonds will be prepared and all bids must be submitted on such form. Copies of the prescribed bid form will be included with the Preliminary Official Statement for the Bonds. Each bid must be either telecommunicated to the Treasurer and Tax Collector at (213) 625-2249 (TTC Fax #), or delivered, enclosed in a sealed envelope, to the offices of the

County of Los Angeles Treasurer and Tax Collector, 500 West Temple Street, Room 437, Los Angeles, California 90012, in either case not later than 10:35 a.m., local time, on the date of sale. Neither the District nor the County shall be responsible for the inability of any bidder to promptly deliver its bid by telecommunication.

A prescribed form of bid for the Bonds has been prepared and is attached hereto. Bids may be submitted by sealed envelope, by telefax, or electronically via PARITY, providing that the good faith deposit (described below) has been received, before 10:00 A.M., Pacific Daylight Time on the date of sale (see below for additional deadlines if a financial surety bond is used), to the District in care of its Financial Advisor, Government Financial Strategies, Inc., 1228 "N" Street, Suite 13, Sacramento, California 95814-5609, at fax number (916) 444-5100.

All bids which are submitted electronically via PARITY pursuant to the procedures described below shall be deemed to constitute a Bid for Purchase of the Bonds and shall be deemed to incorporate by reference all of the terms and conditions of this Notice Inviting Proposals. The submission of a bid electronically via PARITY shall constitute and be deemed the bidder's signature on the Bid for Purchase of the Bonds.

**WARNING REGARDING FACSIMILE BIDS: A BID SUBMITTED BY FACSIMILE TRANSMISSION WILL NOT BE CONSIDERED TIMELY UNLESS, AT THE DEADLINE FOR SUBMISSION OF BIDS, THE ENTIRE BID FORM HAS BEEN RECEIVED BY THE RECEIVING FAX MACHINE. NEITHER THE DISTRICT, THE FINANCIAL ADVISOR NOR BOND COUNSEL SHALL BE RESPONSIBLE FOR, AND THE BIDDER EXPRESSLY ASSUMES THE RISK FOR ANY INCOMPLETE, ILLEGIBLE OR UNTIMELY BID SUBMITTED BY FACSIMILE TRANSMISSION BY SUCH BIDDER, INCLUDING, WITHOUT LIMITATION, BY REASON OF GARBLED TRANSMISSION, MECHANICAL FAILURE, ENGAGED TELEPHONE OR TELECOMMUNICATIONS LINES, OR ANY OTHER CAUSE ARISING FROM DELIVERY FACSIMILE TRANSMISSION RATHER THAN BY HAND.**

Procedures Regarding Electronic Bidding:

Bids may be submitted electronically via PARITY in accordance with this Notice Inviting Proposals, until 10:35 A.M., Pacific Daylight Time, Thursday, June 5, 2003, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice Inviting Proposals, the terms of this Notice Inviting Proposals shall control. For further information about PARITY, potential bidders may contact the District's Financial Advisor or PARITY at Dalcomp at (212) 806-8304. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that:

The District may regard the electronic transmission of the bid through PARITY (including information about the purchase price of the Bonds, the interest rate or rates to be borne by the various maturities of the Bonds, the initial public offering price of each maturity and any other information included in such transmission) as though the same information were submitted on the Bid for Purchase of the Bonds form, provided by the District and executed by a duly authorized signatory of the bidder. If a bid submitted electronically by PARITY is accepted by the District, the terms of the Bid for Purchase of the Bonds

and the Notice Inviting Proposals and the information that is electronically transmitted through PARITY shall form a contract and the successful bidder shall be bound by the terms of such contract.

PARITY is not an agent of the District, and the District shall have no liability whatsoever based on any bidder's use of PARITY, including but not limited to any failure by PARITY to correctly or timely transmit information provided by the District or information provided by the bidder.

The District may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via PARITY's internet site (<http://www.tm3.com>) no later than 5:00 P.M. (Pacific Daylight Time) on the last business day prior to the date of sale.

Once the bids are communicated electronically via PARITY to the District as described above, each bid will constitute a Bid for Purchase of the Bonds and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice Inviting Proposals. For purposes of submitting all Bids for Purchase of the Bonds, whether by hand delivery, facsimile or electronically via PARITY, the time as maintained on PARITY shall constitute the official time.

Each bidder choosing to bid electronically shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with this Notice Inviting Proposals. Neither the District nor Dalcomp shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the District nor Dalcomp shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY. The District is using PARITY as a communication mechanism, and not as the District's agent, to conduct the electronic bidding for the Bonds. By using PARITY, each bidder agrees to hold the District harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

In the event that both an electronic bid and a facsimile bid from a single bidder are received at or prior to the bid receipt deadline, and to the extent that there is an inconsistency in the interest rates or price bid, the facsimile shall be deemed to be the bid submitted. No bid received after the deadline shall be considered. In any case, each bid must be in accordance with the terms and conditions set forth in this Notice Inviting Proposals.

#### Interest Rates:

All bids for the purchase of the Bonds must state the rate or rates of interest to be paid and no bid at a price less than the par value of the Bonds, together with all accrued interest thereon to the date of the delivery of the Bonds, will be considered. All Bonds of the same maturity must bear the same rate of interest and no Bond may bear more than one rate. Bidders may specify any number of different rates to be borne on the Bonds, and the rate of interest on any maturity shall not be more than three percent higher than the interest rate on any other maturity.

#### Payment of Issuance Costs:

The successful bidder will be required to pay \$\_\_\_\_\_ in costs of issuance of the Bonds from underwriter's gross compensation at the time of delivery of the Bonds. This amount should *not* be added to the price paid for the Bonds. *Payment of this amount is not optional* and is in addition to any premium for a policy of municipal bond insurance. See "Qualification for Insurance" below. Therefore, bidders should include payment of such costs in calculating their bids.

#### Good Faith Deposit:

A good faith deposit (a "Deposit") in the form of a certified check or cashier's check or a financial surety bond (a "Financial Surety Bond") in the amount of one percent (1%) of the par amount of the Bonds, payable to the order of the Treasurer and Tax Collector of the County, to secure the District from any loss resulting from the failure of the bidder to comply with the terms of its bid, is required for any bid to be considered. If a check is used, it must accompany each bid. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of California, and such Financial Surety Bond must be submitted to the District or the Financial Advisor prior to the opening of the bids. If you intend to use a Financial Surety Bond and are not pre-approved by an insurance company, you may contact Sure-Bid at (888) 995-8066. Each Financial Surety Bond must identify the bidder whose Deposit is guaranteed by such Financial Surety Bond.

If the Bonds are awarded to a bidder using a certified or cashier's check, such check will be held by the County following the award to the successful bidder. If, after the award of the Bonds, the successful bidder fails to complete its purchase on the terms stated in its proposal, the check will be cashed by the County and the proceeds thereof will be retained by the County for the benefit of the District.

If the Bonds are awarded to a bidder using a Financial Surety Bond, then the successful bidder is required to submit its Deposit to the County in the form of a cashier's check (or wire transfer as instructed by the County, the District or the Financial Advisor) not later than 5:00 P.M., Pacific Daylight Time on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn upon by the County to satisfy the Deposit requirement. In the event the successful bidder fails to honor its accepted bid, the Deposit will be retained by the County for the benefit of the District.

If the successful bidder completes its purchase of the Bonds on the terms stated in its proposal, its Deposit will be applied to the purchase of the Bonds on the date of delivery of the Bonds. Checks of the unsuccessful bidders will be returned in person at the time of sale or by mail promptly after the date of sale. No interest will be paid upon the Deposit made by any bidder.

#### CUSIP Numbers:

CUSIP numbers will be applied for by the purchaser and will be printed on the Bonds and the cost of CUSIP Service Bureau assignment will be the purchaser's responsibility. Any delay, error or omission with respect thereto will not constitute cause for the purchaser to refuse to accept delivery of and pay for the Bonds.

#### California Debt and Investment Advisory Commission:

The successful bidder will be required, pursuant to State law, to pay the related fees of the California Debt and Investment Advisory Commission ("CDIAC"). CDIAC will invoice the successful bidder.

#### Right of Rejection:

The County reserves the right in its discretion to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids shall be of the essence.

#### Award and Delivery:

Unless all bids are rejected, the Bonds will be awarded to the bidder whose proposal results in the lowest true interest cost to the District. The true interest cost will be determined on the basis of the aggregate present value of each semiannual payment, will be calculated from the dated date of the Bonds and will be based on the bid amount (par value plus premium, if any), excluding accrued interest. Delivery of the Bonds will be made to the purchaser upon payment in immediately available funds at the offices of the County of Los Angeles Treasurer and Tax Collector, 500 West Temple Street, Room 432, Los Angeles, California 90012, or at the purchaser's request and expense, at any other place mutually agreeable to both the County and the purchaser.

#### Prompt Award:

The County, acting through its Treasurer and Tax Collector, or his designee, in conjunction with the Superintendent or Assistant Superintendent of Business Services of the District, or the designee of either such officer, will take action awarding the Bonds or rejecting all bids not later than 30 hours after the expiration of the time herein prescribed for the receipt of proposals, unless such time of award is waived by the successful bidder. Notice of the award will be given promptly to the successful bidder.

#### Legal Opinion:

The Bonds are sold with the understanding that the purchaser will be furnished with the approving opinion of Fulbright & Jaworski L.L.P. A copy of the opinion, but without its date, will be attached to the Bonds. Said attorneys have been retained by the District as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Bonds under California law and on the exemption of the interest income on such Bonds from federal and State of California income taxes. Fees of Bond Counsel will be paid from Bond proceeds.

#### Tax Status:

In the opinion of Bond Counsel, under existing laws, interest on the Bonds is exempt from all present State of California personal income taxes, and assuming compliance with certain covenants made by the District and County, interest on the Bonds is not includable in the gross income of the owners of the Bonds for federal income tax purpose, provided that such interest

may be included in the calculation for certain taxes, including the corporate alternative minimum tax and the corporate environmental tax. Should changes in the law cause Bond Counsel's opinion to change prior to delivery of the Bonds to the purchaser, the purchaser will be relieved of its responsibility to pick up and pay for the Bonds, and in that event its Deposit will be returned.

Certificate Regarding Reoffering Prices:

As soon as practicable, but not later than seven days prior to delivery of the Bonds, the successful bidder must submit to the District a certificate specifying for each maturity the reoffering price at which at least 10% of the Bonds of such maturity were sold (or were offered in a *bona fide* public offering and as of the date of award of the Bonds to the successful bidder reasonably expected to be sold) to the public. Such certificate shall be in form and substance satisfactory to Bond Counsel and shall include such additional information as may be requested by Bond Counsel.

Qualification for Insurance:

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs shall be paid by such bidder, including but not limited to the rating fees charged by Moody's Investors Service and Standard & Poor's. The District will be responsible for obtaining a municipal bond rating from Moody's Investors Service and Standard & Poor's and for payment of any rating fees incurred in connection therewith. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued shall not in any way relieve the purchaser of their contractual obligations arising from the acceptance of their proposal to purchase the Bonds.

No Litigation and Non-Arbitrage:

The District will deliver a certificate stating that no litigation is pending affecting the issuance and sale of the Bonds. The District will also deliver a non-arbitrage certificate covering its reasonable expectations concerning the Bonds and the use of proceeds thereof.

Right to Modify or Amend:

The District reserves the right to modify or amend this Notice Inviting Proposals in any respect; provided, however, that any such modification or amendment shall be communicated to potential bidders through Thomson Municipal News.

Official Statement:

The District will make available a Preliminary Official Statement relating to the Bonds, a copy of which, along with related documents, will be furnished upon request made either by mail to Government Financial Strategies, Inc., 1228 "N" Street, Suite 13, Sacramento, California 95814-5609, the District's Financial Advisor for the Bonds, or telephoned to the Financial Advisor at (916) 444-5100. Such Preliminary Official Statement, together with any supplements thereto, shall be in form "deemed final" by the District for purposes of SEC Rule 15c2-12(b)(1),

but is subject to revision, amendment and completion in a final Official Statement. The District agrees to provide a reasonable number, not exceeding 200, of the final Official Statement to the winning bidder at the District's expense within seven business days of the date of sale. The District shall deliver, at closing, a certificate, executed by appropriate officers of the District acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the Bonds are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of circumstances under which they were made not misleading.

Dated: May \_\_\_, 2003

COVINA-VALLEY UNIFIED SCHOOL  
DISTRICT

By: \_\_\_\_\_  
President of the Governing Board



BIDS  
FOR THE PURCHASE OF  
COVINA-VALLEY UNIFIED SCHOOL DISTRICT  
(COUNTY OF LOS ANGELES, CALIFORNIA)  
GENERAL OBLIGATION BONDS  
2001 ELECTION, SERIES B

\$30,000,000

\_\_\_\_\_, 2003

Covina-Valley Unified School District  
County of Los Angeles, California

On behalf of a group which we have formed consisting of:

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and pursuant to the Notice Inviting Proposals for Purchase of Bonds hereinafter mentioned, we offer to purchase all of the thirty million dollars (\$30,000,000) principal amount of the Bonds designated as "Covina-Valley Unified School District General Obligation Bonds, 2001 Election, Series B" maturing on June 1 in the years and amounts and bearing interest at the rate or rates set forth in the following schedule:

**Current Interest Bonds\***

YEAR (June 1)	PRINCIPAL AMOUNT	INTEREST RATE	INSURANCE	YEAR (June 1)	PRINCIPAL AMOUNT	INTEREST RATE	INSURANCE
2005				2017			
2006				2018			
2007				2019			
2008				2020			
2009				2021			
2010				2022			
2011				2023			
2012				2024			
2013				2025			
2014				2026			
2015				2027			
2016				2028			

\* Preliminary, subject to change.

### Capital Appreciation Bonds \*

Maturity Date (June 1)	Initial Principal Amount	Yield to Maturity	Maturity Amount	Price
2007	\$	%	\$	%
2008				
2009				
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				

\* Preliminary, subject to change.

and to pay therefor the aggregate sum of \$\_\_\_\_\_ (consisting of \$\_\_\_\_\_ in par value and \$\_\_\_\_\_ in purchase premium) plus interest accrued on such Bonds to the date of delivery thereof.

We hereby elect to combine the maturities of Bonds maturing on the following dates to comprise term Bonds:

Serial Maturity Dates	Term Bond Maturity Dates	Principal Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____

This bid is made subject to all the terms and conditions of the Notice Inviting Proposals for Purchase of Bonds heretofore published, all of which terms and conditions are made a part hereof as fully as though set forth in full in this bid.

As specified in the Notice Inviting Proposals for Purchase of Bonds, this bid is subject to acceptance not later than 30 hours after the expiration of the time for the receipt of bids, and the opinion of Fulbright & Jaworski L.L.P. approving the validity of the Bonds will be furnished us (if we are the successful bidder) at the time of the delivery of the Bonds at the expense of the District.

There is submitted herewith a memorandum (which shall not constitute a part of this bid) stating the total interest cost in dollars on the Bonds, the proposed premium, if any, and the true interest rate determined thereby.

Respectfully submitted,

Name: \_\_\_\_\_  
(Account Manager)

By: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

Phone: \_\_\_\_\_

BID CHECK (check one):

\_\_\_\_\_ There is enclosed herewith a certified check or cashier's check in the amount of \$ \_\_\_\_\_ payable to the order of the Treasurer and Tax Collector of Los Angeles County.

\_\_\_\_\_ We have provided Los Angeles County with a pre-approved financial surety bond as provided in the Notice Inviting Proposals for Purchase of Bonds.

TRUE INTEREST RATE:

Our calculation of the true interest rate, which is supplied for informational purposes only and is not a part of the proposal, is as follows:

Total Interest	\$ _____
Proposed Premium	\$ _____
True Interest Rate	_____ %

**EXHIBIT B**

**FORM OF NOTICE INVITING PROPOSALS**

**NOTICE OF INTENTION TO SELL BONDS**

\$30,000,000\*

COVINA-VALLEY UNIFIED SCHOOL DISTRICT

(County of Los Angeles, California)

General Obligation Bonds

2001 Election, Series B

NOTICE IS HEREBY GIVEN that the Covina-Valley Unified School District (the "District"), in the County of Los Angeles, California, intends to offer for public sale on June 5, 2003, at the hour of 10:00 a.m., California time (or at such other time and date as may be communicated by the District through Thomson Municipal News at least 24 hours prior to the time that bids are to be received), at the offices of the County of Los Angeles Treasurer and Tax Collector, 500 West Temple Street, Room 437, Los Angeles, California 90012, \$30,000,000\* aggregate principal amount of general obligation bonds of the District designated "Covina-Valley Unified School District General Obligation Bonds 2001 Election, Series B" (the "Bonds").

Within 30 hours of such time, representatives of the County and the District will consider the bids for the Bonds and, if an acceptable bid or bids are received, award the sale of the Bonds. In the event that no bid is awarded by the designated time, proposals for the Bonds will be received at such other time and date as may be communicated through Thomson Municipal News at least 24 hours prior to the time that bids are to be received until such time as a bid is awarded or the District determines to withdraw sale of the Bonds. The District reserves the right to change the time or postpone the date of the sale to any other time or date by providing notification through Thomson Municipal News.

NOTICE IS HEREBY FURTHER GIVEN that the Bonds, dated their date of delivery, will be offered for public sale subject to the terms and conditions of a Notice Inviting Proposals for Purchase of Bonds (the "Notice Inviting Proposals"). An Official Statement pertaining to the Bonds and the Notice Inviting Proposals will be furnished, upon request, by Government Financial Strategies, Inc., 1228 "N" Street, Suite 13, Sacramento, California 95814-5609, (916) 444-5100, the financial advisor to the District for the Bonds. ***Legal Opinion:*** Fulbright & Jaworski L.L.P., Los Angeles, California.

Dated: \_\_\_\_\_, 2003

By: \_\_\_\_\_ /s/ Michael Miller  
Superintendent  
Covina-Valley Unified School District

\_\_\_\_\_  
\*Preliminary, subject to change.

**Covina-Valley Unified School District**  
**County Of Los Angeles, State Of California**  
**RESOLUTION NO. 02-03-46**  
**RESOLUTION AUTHORIZING ISSUANCE OF NOT TO EXCEED**  
**\$30,000,000 OF COVINA-VALLEY UNIFIED SCHOOL DISTRICT**  
**GENERAL OBLIGATION BONDS, 2001 ELECTION, SERIES B**

**Whereas**, the issuance of not to exceed \$50,000,000 aggregate principal amount of general obligation bonds (the "Authorization") of the Covina-Valley Unified School District (the "District"), County of Los Angeles (the "County"), State of California, was authorized at an election (the "Election") held in said District on June 5, 2001, the proceeds of which are to be used for the acquisition, construction and improvement of various parcels of real property of the District; and

**Whereas**, the Registrar-Recorder/County Clerk of the County certified to the effect that the official canvass of returns for the Election reflected that more than two-thirds of the votes cast on the District's bond measure submitted to the voters at the Election (the "Measure") were cast in favor of the Measure, and such result was duly entered in the minutes of this Governing Board of the District (the "District Board"); and

**Whereas**, on February 7, 2002, the District issued and sold \$20,000,000 aggregate principal amount of its general obligation bonds under and pursuant to the Authorization, leaving the amount of \$30,000,000 authorized but unissued under the Authorization; and

**Whereas**, Section 15140 of the Education Code of the State of California authorizes the Board of Supervisors of the County (the "County Board") to borrow funds through the issuance of bonds in the name and on behalf of the District, or, as an alternative, as authorized pursuant to Section 53506 *et seq.* of the California Government Code, pursuant to a resolution adopted by the District; and

**Whereas**, the District Board has determined that financial market conditions are favorable for the issuance and sale of not to exceed \$30,000,000 of the Authorization to be used for the acquisition, construction and improvement of certain capital facilities for the District; and

**Whereas**, the District Board hereby determines that such bonds should be offered at this time, in one or more series, and requests the County Board to offer such bonds for sale; and

**Whereas**, the District Board has retained Fulbright & Jaworski L.L.P. as its Bond Counsel ("Bond Counsel") and Government Financial Strategies, Inc. as its Financial Advisor ("Financial Advisor") in connection with the issuance of such bonds;

**Now, Therefore, Be It Resolved** by the Governing Board of Covina-Valley Unified School District, as follows:

Section 1. This District Board hereby determines that general obligation bonds of the District in the aggregate principal or issue amount of not to exceed \$30,000,000 be offered for sale, in one or more series (the "Bonds"), as more particularly described in Section 2 below, the proceeds of which are to be used for the acquisition, construction and improvement of certain capital facilities for the District, as set forth in the bond proposition approved at the Election.

Section 2. The District hereby requests the Board of Supervisors of the County to order that the Bonds, in the form of current interest bonds, capital appreciation bonds, or both, be sold at public sale with bids to be received on the terms and in accordance with the Notice Inviting Proposals attached hereto as Exhibit A and the Notice of Intention to Sell Bonds attached hereto as Exhibit B to be approved by the County Board of Supervisors. The Bonds shall bear or accrete interest at a rate or rates not to exceed the maximum rate permitted by law payable on the dates set forth in the Official Statement relating to the Bonds and shall mature not more than 25 years from their date of issuance. The Bond proceeds will be deposited in the Covina-Valley Unified School District General Obligation Building Fund, Series B.

Section 3. The District Board hereby approves the form of Preliminary Official Statement relating to the Bonds on file with the Secretary of the District Board and to be used and distributed, together with an Official Statement in connection with the sale of the Bonds, in each case with such changes as are approved by the Superintendent of the District (the "Superintendent"), the Chief Business Officer of the District or any designee thereof (each, an "Authorized Officer"), and such other officers of the District as may be authorized by the District Board are, and each of them acting alone hereby is, authorized to deliver copies of the Preliminary Official Statement and the Official Statement with such changes therein as such officer shall approve, in his or her discretion, as being in the best interests of the District. Upon approval of such changes by such officer, the Preliminary Official Statement shall be "deemed final" as of its date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule"). Any Authorized Officer is hereby authorized and directed to execute such Official Statement with such changes therein, deletions therefrom and modifications thereto as such Authorized Officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The Bonds shall be issued in book-entry only form, to be lodged with The Depository Trust Company ("DTC") in New York, New York, which shall be the registered owner of the Bonds issued at the closing in the form of a single certificated Bond for each maturity within a series of the Bonds described in the Notice Inviting Proposals. The underwriting firm that submits the successful proposal to the County Board to purchase the Bonds (the "Underwriter") will be directed to assist the District and the County in qualifying the Bonds for deposit with DTC.

(REF. D-3)

Section 5. Unless the Treasurer and Tax Collector of the County (the "Treasurer") shall appoint a commercial bank as paying agent in connection with the closing of the Bonds, the Treasurer shall serve as Paying Agent for the Bonds, the first annual fees for which shall be paid from proceeds of the Bonds; subsequent annual fees shall be paid from the general fund of the District. The District Board hereby authorizes the Authorized Officer to execute a paying agent agreement, if required, for and on behalf of the District.

Section 6. The District hereby covenants that it shall not, directly or indirectly, use or permit the use of any proceeds of any of the Bonds, or of any of the property financed or refinanced with the proceeds of the Bonds, or other funds of the District, or take or omit to take any action that would cause the Bonds to be deemed "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). To that end, the District shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury promulgated thereunder to the extent that such requirements are in effect and applicable to the Bonds.

Section 7. The District covenants to comply with all the procedures and provisions set forth in the Arbitrage and Use of Proceeds Certificate, and will do and perform all acts and things necessary in order to assure that interest paid on the Bonds shall be excluded from gross income of the owners thereof for purposes of federal income taxation.

Section 8. The District Board determines that all acts and conditions necessary to be performed by the District Board or to have been met precedent to and in the issuing and sale of the Bonds in order to make them the legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and met, in regular and due form as required by law; that the full faith, credit and revenues of the District are hereby pledged for the timely payment of the principal of and interest on the Bonds; and that no statutory or Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

Section 9. The form of Continuing Disclosure Agreement substantially in the form appended to the Preliminary Official Statement for the benefit of the registered owners from time to time of the Bonds (the "Owners") is hereby approved and the District Board hereby authorizes the Authorized Officer to execute such Continuing Disclosure Agreement with such changes therein as may be approved by the Authorized Officer. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Agreement in order to assist the Underwriter to comply with the requirements of the Rule. Any Owner of Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Section; however, noncompliance with this Section shall not constitute a default under or cause the acceleration of the Bonds.

(REF. D-4)



Section 10. The Authorized Officer is hereby authorized and directed to sign any documents required in order to secure credit enhancement for the Bonds on such terms and subject to such conditions as may be established by the Underwriter, in agreements relating to such credit enhancement. The purchase of credit enhancement for the Bonds, including municipal bond insurance, shall be at the sole option and expense of the Underwriter.

Section 11. The County Board is hereby requested to assist the District in the issuance and sale of the Bonds; in order to meet the requirements of law and the procedures of the County with respect to such a request, the President of the District Board is hereby directed to lodge a certified copy of this Resolution with the Clerk of the County Board and with the Superintendent of Schools of the County promptly following adoption hereof, and the District represents and warrants to the County that the District shall reimburse the County's costs and expenses incurred in connection with the issuance and sale of the Bonds. The Bonds will be the general obligations of the District and will not constitute an obligation of the County except as set forth in the resolution to be adopted by the County Board authorizing the issuance of the Bonds.

Section 12. Officers of the District Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions as may have heretofore been taken by such officers, officials and staff are hereby ratified, confirmed and approved.

Section 13. This resolution shall take effect immediately upon its adoption.

**Passed and Adopted** this 5th day of May, 2003, by the Governing Board of the Covina-Valley Unified School District of the County of Los Angeles, State of California, by the following vote:

AYES: MEMBERS: Hanes, Knoll, Meister, Kemp, Myrick

NOES: MEMBERS: 0

ABSENT: MEMBERS: 0

This is to certify that this is a true and correct copy of the resolution as adopted and approved at a regular meeting of the Governing Board of the Covina-Valley Unified School District.

  
\_\_\_\_\_  
President of the Governing Board

5/5/03

(REF. D-6)